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IMG Academy's on-site boarding school is located in Bradenton, Florida.

Courtesy of IMG Academy

Giving student-athletes a running start through financial literacy

By Rob Burgess
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Merrill Wealth Management and IMG Academy on Thursday announced a three-year partnership to offer more financial education and resources to student-athletes and their families.

Through this partnership, Merrill advisors in the Sports and Entertainment Group, introduced three years ago, will provide specialized personal financial education to IMG Academy student-athletes and families. The curriculum incorporates Bank of America's free financial education resource, "Better Money Habits." Topics include savings, spending, credit and investing.

"We're here to empower student-athletes to win their future," said Brent Richard, CEO of the IMG Academy. "We say we're preparing them for college and life."

The financial education program will be offered starting with the 2024-2025 academic year to students and their families attending IMG Academy's on-site boarding school in Bradenton, Florida, and through its online program, IMG Academy+.

NIL changes everything

In July 2021, the NCAA instituted its name, image and likeness (NIL) policy, which, for the first time, gave student-athletes the ability to profit from marketing and other deals while in school.

Craig Young, Mid-Atlantic Division executive at Merrill, was a running back on the California Polytechnic State University (CPSU) football team. He was later an assistant football coach and offensive coordinator at CPSU, Princeton University and California State University, Sacramento.

Young said when he played there weren't nearly as many financial opportunities available to student-athletes.

Just last month, Florida, where the IMG Academy is based, became the latest state to approve NIL deals for high school students.

"You went from a world where a direct … compensation for playing was reserved for the small percentage of college student-athletes ... and it was only once they went pro that it became an opportunity," said Richard. "Now … I would say that this is relevant to almost every college student-athlete."

Advisors can help student-athletes with sudden wealth

Todd Bryant, a financial planner and founding partner with Signature Wealth Partners in Orlando, Florida, said that while one might assume that when the NIL money comes in that the student-athletes are spending it lavishly, that has not been his experience.

"While there is some of that, we see the majority of athletes using it to help their families," he said.

Financial advisors with a sports specialty can help student-athletes who come into sudden wealth. Dustin Eldridge, founder and managing partner with TEAM Private Wealth Management in Dallas, said it's important to remember NIL earnings are subject to federal, state and sometimes local taxes, "which many athletes are not prepared for."

"Athletes often receive lump-sum payments from NIL deals, which can be difficult to manage without proper budgeting," he said. "They can often be at the beginning of a semester for the entire year or come with contingencies they weren't aware of."

Planners can help student-athletes account for this money wisely and understand it won't always be a steady income, Bryant said.

"Different NIL sponsorships could come and go, once again proving why the student needs to be wise with their financial choices with this money," he said. "We know the majority of these students will not become professional athletes, and they may need these funds post-graduation while navigating the job market."

Investing in the future

Student-athletes are in a unique situation, said Andrew Van Alstyne, a financial planner for Fiduciary Financial Advisors in Waxhaw, North Carolina. They're coming into a substantial income stream without much life experience, and they face a relatively short period to capitalize on it. Added to that, they don't have many expenses right away.

"I assist these clients first and foremost with establishing a reasonable budget so they can both enjoy the fruits of their labor while simultaneously setting them up for long-term success after their athletic career," he said.

Bryant said student-athletes should put some of their money into Roth IRAs or other long-term financial vehicles.

However, taking care of other financial concerns first might make more sense for some young athletes.

"If they have credit card debt, car loans or no money in their savings account, those may be better places to put their money than an investment," said Eldrige. "I do have some concern with a firm like Merrill and the other big banks getting involved in advising athletes because their interest is strictly investing, and that may not be what is best for a client."